Public Service Superannuation Board

Annual Report
for year ending March 31,1982

SIXTY-SECOND ANNUAL REPORT

OF THE

PUBLIC SERVICE SUPERANNUATION BOARD

FOR THE YEAR ENDED

MARCH 31, 1982

Ontario

Office of the
Minister

Ministry of
Government
Services

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To his Honour, The Lieutenant Governor of the
Province of Ontario.

MAY IT PLEASE YOUR HONOUR:

The undersigned respectfully presents herewith the Report of the Public Service Superannuation Board for the year ended March 31, 1982.

Respectfully submitted,

Douglas J. Wiseman,
Minister.

Ontario

Public
Service
Superannuation
Board

Area code (416)
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The Honourable Douglas J. Wiseman,
Minister of Government Services.

SIR:

I have the honour to submit the Report of the Public Service Superannuation Board for the year ended March 31, 1982.

Respectfully submitted,

Stephanie J. Wychowanec,
Chairman.

PUBLIC SERVICE SUPERANNUATION BOARD

The Board was first established in 1920 under an Act of the Legislature of Ontario. It now operates under the Public Service Superannuation Act (R.S.O. 1980, chapter 419).

The Members of the Board are appointed by the Lieutenant Governor in Council. At the end of the year under review, the Board had the following Members:

S.J. Wychowanec, Q.C. (Chairman)
Vice Chairman
Ontario Energy Board

J.A. Jackson
Executive Director
Civil Service Commission

R.G. Buck
Chief Actuary
Ministry of Government Services

S. McVittie
Representative
O.P.S. Employees Union

During the year, Ms. S. McVittie replaced L.H. Rosen (October 8, 1981), Ms. S.J. Wychowanec was designated Chairman (February 12, 1982) in the place of E.F.H. Strauss who had served as a Member for over twelve years and Chairman for eight years, and R.G. Buck was appointed as a Member (February 12, 1982). Mr. J.D. Macdonald, Manager, Pension and Insurance Benefits, Ministry of Government Services, was the Secretary.

In accordance with the Act, the Board advised the Minister responsible for the administration of the Act (now the Minister of Government Services) and approved disability and certain survivor pension benefits. It evaluated eligibility in special cases and heard appeals against routine decisions made by the Employee Benefits Branch of the Ministry of Government Services.

Twenty-five meetings of the Board were held during the year ended March 31, 1982.

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CONTRIBUTORS

During the period covered by this Report, 5,695 new contributors to the Public Service Superannuation Fund were added and 6,173 contributors left the Fund for a net decrease of 478 over the preceding year. At the end of the year under review there were 77,255 contributors.

ALLOWANCES

An "allowance" under the Public Service Superannuation Act is retirement income payable in monthly instalments commencing with the month following the month in which the individual retired. The amount of an allowance is calculated according to the benefit formula under the Act and not reduced because of age or service.

As of March 31, 1982, 18,530 allowances were being paid compared with 17,417 at the end of the previous year. The total number of recipients consisted of:

1,264 disability pensioners;

12,163 service pensioners;

5,103 surviving spouses and children of deceased contributors or pensioners.

This represented an increase of 1,113 allowances over the preceding year.

ANNUITIES

An "immediate annuity" under the Public Service Superannuation Act is similar to an allowance but the amount is reduced to reflect age and/or service which is less than the requirements for an allowance. Monthly payments commence with the month following the month in which the individual ceased to be employed.

A "deferred annuity" under the Public Service Superannuation Act is payable at a specific date in the future, such as age 60 or 65 depending upon the commencement date of employment in the Ontario public service, to an individual who is no longer an active member of the Plan. The amount may be reduced to reflect service which is less than the requirement for an allowance.

At the end of the year under review there were:

2,807 former contributors receiving annuities;

312 surviving spouses and children in receipt of annuities;

687 former contributors who will receive deferred annuities from a later date.

This represented an increase of 239 annuities over the preceding year.

PAYMENTS, REFUNDS AND TRANSFERS TO OTHER PENSION FUNDS

During the period April 1, 1981 to March 31, 1982:

4,239 former employees received refunds of contributions, with interest;

101 former employees who were not eligible for an allowance received payments of twice their contributions, with interest;

57 spouses and children received lump sum death benefits equal to twice the deceased contributor's contributions, with interest;

173 former employees transferred their contributions and credits to other pension funds.

OPTIONS FOR MILITARY SERVICE AND PAST PENSIONABLE SERVICE WITH ANOTHER EMPLOYER

During the year 1,670 contributors made contributions for military service in World War II or the Korean War. Also, 751 contributors made contributions for pensionable service with employers recognized for transfer purposes under the Public Service Superannuation Act.

The amount contributed to the fund by these employees or transferred from other pension funds was $1,719,512.

OPTIONS FOR PAST SERVICE WITH ONTARIO GOVERNMENT

During the year, 3,290 contributors made payments for past continuous non-contributory service with the Ontario Government. Furthermore, 939 employees made contributions in order to reinstate previous periods of pensionable service with the Ontario Government.

The amount paid into the Fund by these contributors during the fiscal year was $1,455,667.

OPTIONS FOR LEAVE OF ABSENCE

During this period, 696 contributors established credit for unpaid leave of absence. The amount contributed to the Fund by these employees was $144,316.

CONTRIBUTIONS ON BEHALF OF DISABLED CONTRIBUTORS

Also during 1981-82, the employer paid $3,559,633 into the Fund on behalf of 2,375 disabled contributors who had qualified for a benefit under the long term income protection plan. This amount was in addition to the usual matching contribution paid under Section 10(1) of the Public Service Superannuation Act.

TRANSFERS INTO AND OUT OF THE FUND

During the year, 157 contributors established additional credit in the Ontario Public Service Superannuation Fund by transferring from other pension funds and 173 former contributors transferred their O.P.S.S.F. contributions and credits to other pension funds.

On March 31, 1982 reciprocal transfer arrangements were in effect between the O.P.S.S.F. and the following:

Alberta Civil Service Superannuation Fund
Anglican Church of Canada Pension Fund *
British Columbia Civil Service Superannuation Fund
Canada Public Service Superannuation Fund
Canadian Broadcasting Corporation Pension Fund
Carleton University Pension Fund
Caucus Employees Retirement Fund
Central Mortgage and Housing Corporation Pension Fund
Evangelical Lutheran Church of Canada Pension Fund *
Hospital for Sick Children Employees Pension Fund
Hospitals of Ontario Pension Fund
McMaster University Pension Fund
Manitoba Civil Service Superannuation Fund
New Brunswick Civil Service Superannuation Fund
Nova Scotia Civil Service Superannuation Fund
Ontario Educational Communications Authority Pension Fund
Ontario Hydro Pension Fund
Ontario Institute for Studies in Education Pension Fund
Ontario Municipal Employees Retirement System
Ontario Research Foundation Pension Fund
Ontario Teachers' Superannuation Fund
Prince Edward Island Civil Service Superannuation Fund
Queen's University Pension Fund
Retirement Pension Plan of Colleges of Applied Arts and Technology
Retirement Pension Plan of The Elliott Lake Centre for Continuing Education
Saskatchewan Power Corporation Pension Fund
Trent University Pension Fund
United Church of Canada Pension Fund *

University of Guelph Pension Fund
University of Ottawa Pension Fund
University of Toronto Pension Fund
Workmen's Compensation Board Superannuation Fund
York University Pension Fund

* Applies only to Ontario public service chaplains

The Toronto Western Hospital Employees Pension Fund has been deleted from this year's list because the employees of this Hospital now contribute to the Hospitals of Ontario Pension Fund.

PUBLIC SERVICE SUPERANNUATION FUND

The amount standing to the credit of the Public Service Superannuation Fund at April 1, 1981 was $2,072,142,138 and at the close of the fiscal year $2,386,739,346 (subject to verification by the Provincial Auditor). Total receipts for the year, including interest, amounted to $415,169,792 while total disbursements amounted to $100,572,584.

UNFUNDED LIABILITY

As previously reported, an actuarial valuation on the Public Service Superannuation Fund received in 1981 indicated an unfunded liability (i.e. the excess of the present value of future benefits over the sum of the funds on hand and the present value of future contributions) as of December 31, 1979 of $316 million.

In accordance with the recommendations of the actuaries and the Board and also in conformance with the Ontario Pension Benefits Act, an amortization payment in the amount of $40,164,000 was made on January 1, 1982. Under the recommended schedule, the following payments will be made in the future:

January 1, 1983 to 1990 inclusive	$40,164,000 annually
January 1, 1991 and 1992	38,464,000 annually
January 1, 1993 and thereafter	6,832,000 annually

However, these amounts are subject to change in the light of future actuarial valuations which by law must be made at least every three years.

COST OF ADMINISTRATION

The Executive Director, General Services Division, Ministry of Government Services, has reported that administrative expenses for the year amounted to $2,151,800 compared with 1,840,700 for the previous year. The increase of $311,100 (16.9%) is mainly accounted for by salary and classification revisions and increased pace of computer systems development.

ACKNOWLEDGEMENT

In submitting this Report the Board again wishes to express its appreciation of the assistance rendered to the Board by the Secretariat and the management and staff of the Employee Benefits Branch, Ministry of Government Services.

TABLE I

CASES UNDER THE PUBLIC SERVICE SUPERANNUATION ACT

Allowances	Total number of recipients at March 31, 1981	Cases during year	Deaths during year	Other terminations	Total number of recipients at March 31, 1982
Type 60 (male)	2,080	221	85	3	2,213
Type 60 (female)	776	55	21	2	808
Type 65 (male)	4,905	542	262	1	5,184
Type 65 (female)	2,481	283	68	2	2,694
Type 70 (male)	83	2	6	0	79
Type 70 (female)	47	0	7	0	40
Type 90 (male)	890	144	16	0	1,018
Type 90 (female)	111	17	1	0	127
Disability (male)	757	32	41	0	748
Disability (female)	526	7	16	1	516
Dependants (widows of contributors)	1,539	162	27	17	1,657
Dependants (widowers of contributors)	70	20	1	4	85
Dependants (widows of superannuates)	3,002	385	103	88	3,196
Dependants (widowers of superannuates)	79	23	5	7	90
Dependants (children)	71	12	0	8	75
TOTALS	17,417	1,905	659	133	18,530

Type 60 - age 60 plus at least 20 years of contributory service.
Type 65 - age 65 plus at least 10 years of contributory service.
Type 70 - age 70 plus at least 10 years of contributory service.
Type 90 - age plus years of contributory service total at least 90 years.

TABLE II

ALLOWANCES

Summary of allowances being paid as at March 31, 1982:

Dollar Amount Per Annum	Number of Allowances (Pensioners)
0 - 2,000	3,468
2,001 - 3,000	2,496
3,001 - 4,000	1,625
4,001 - 5,000	1,147
5,001 - 6,000	887
6,001 - 7,000	632
7,001 - 8,000	509
8,001 - 9,000	407
9,001 - 10,000	363
10,001 - 12,000	564
12,001 - 15,000	552
15,001 - 20,000	489
20,001 - 25,000	189
Over 25,000	99

Dollar Amount Per Annum	Number of Allowances (Dependants)
0 - 1,000	1,886
1,001 - 1,500	1,087
1,501 - 2,000	709
2,001 - 2,500	426
2,501 - 3,000	277
3,001 - 3,500	180
3,501 - 4,000	135
4,001 - 4,500	90
4,501 - 5,000	69
5,001 - 6,000	95
6,001 - 7,500	88
7,501 - 10,000	46
10,001 - 12,500	11
Over 12,500	4

See statistical tabulation on page 14.

The dollar amounts are P.S.S. Fund amounts and do not include supplementary benefits and escalation payments.

CASES UNDER THE PUBLIC SERVICE SUPERANNUATION ACT

Annuities	Total number of recipients at March 31, 1981	Cases during year	Deaths during year	Other terminations	Total number of recipients at March 31, 1982
Immediate (60 plus, male)	461	49	16	1	493
Immediate (60 plus, female)	593	47	14	0	626
Immediate (less than 60, male)	368	42	7	1	402
Immediate (less than 60, female)	508	44	6	1	545
* Deferred Active (male)	351	40	13	1	377
* Deferred Active (female)	335	33	4	0	364
* Deferred Pending (male)	424	54	3	33	442
* Deferred Pending (female)	243	27	0	25	245
Dependants (widows)	249	39	6	10	272
Dependants (widowers)	33	8	1	2	38
Dependants (children)	2	0	0	0	2
TOTALS	3,567	383	70	74	3,806

* Deferred Annuities are denoted as "pending" until the date payment commences and are then referred to for statistical purposes as "active".

Immediate (60 plus) - age 60 or over plus at least 10 years of contributory service.
Immediate (less than 60) - under age 60 plus at least 10 years of contributory service.

TABLE IV

ANNUITIES

Summary of annuities being paid as at March 31, 1982:

Dollar Amount Per Annum	Number of Annuities (Annuitants)
0 - 2,000	1,397
2,001 - 3,000	554
3,001 - 4,000	314
4,001 - 5,000	191
5,001 - 6,000	123
6,001 - 7,000	71
7,001 - 8,000	47
8,001 - 9,000	23
9,001 - 10,000	22
10,001 - 12,000	29
12,001 - 15,000	15
15,001 - 20,000	15
20,001 - 25,000	6
Over 25,000	0

Dollar Amount Per Annum	Number of Annuities (Dependants)
0 - 1,000	220
1,001 - 1,500	56
1,501 - 2,000	19
2,001 - 2,500	6
2,501 - 3,000	3
3,001 - 3,500	4
3,501 - 4,000	1
4,001 - 4,500	0
4,501 - 5,000	0
5,001 - 6,000	2
6,001 - 7,500	1
7,501 - 10,000	0
10,001 - 12,500	0
Over 12,500	0

See statistical tabulation on page 16.

The dollar amounts are P.S.S. Fund amounts and do not include supplementary benefits and escalation payments.

This summary excludes deferred pending cases.

TABLE V

NUMBER OF OTHER CASES PROCESSED UNDER THE PUBLIC SERVICE SUPERANNUATION ACT

In addition to the cases involving allowances and annuities as shown on pages 14 and 16, the following cases were processed in the period April 1, 1981 to March 31, 1982. The number of cases processed in all categories does not correspond to the number of contributors who left the Fund because of the overlap, both at the beginning and the end of the fiscal year, between the date of separation and the date of processing the benefit.

		Number of cases during the year
Payments (Double contributions with interest)		
Retirement		85
Disability		16
Dependants (widows, widowers, children)		57
	Sub total	158
Refunds		
Single contributions (with interest)		4,239
Residual balances		34
	Sub total	4,273
Transfers		
Transfers Out		173
	Sub total	173
	TOTAL	4,604

PUBLIC SERVICE SUPERANNUATION FUND

(Established under The Public Service Superannuation Act)

Statement of Fund
For the Year Ended March 31, 1982
(subject to verification by
the Provincial Auditor)

	1982	1981
	$	$
Balance of Fund, on deposit with The Treasurer of Ontario, beginning of year	2,072,142,138	1,799,876,867
RECEIPTS -		
Contributions:		
Employees (Sec. 7)	82,321,134	74,592,642
Province of Ontario (Sec. 10)	73,910,303	67,214,677
Boards and Commissions (Sec. 10)	8,076,218	7,130,220
Designated Branches (Sec. 10)	383,648	316,456
	82,370,169	74,661,353
Without equivalent contributions by the employer - sundry	1,814,907	2,104,976
Province of Ontario re employees receiving L.T.I.P.	3,559,633	3,815,673
Province of Ontario re payment on the unfunded liability	40,164,000	40,164,000
Transfers from other Plans:		
Teachers' Superannuation Fund	1,095,487	458,802
Ontario Municipal Employees Retirement System	703,055	358,809
Government of Canada Superannuation Account	526,537	301,170
Provincial Governments	25,858	85,243
Other Superannuation Funds	322,497	205,376
	2,673,434	1,409,400

	1982 $	1981 $
Interest Earnings:		
On balance in Fund as at beginning of year for one year to end of year @ 9.43557% (1981 - 8.82126%) (Sec. 5)	195,518,422	158,771,818
On excess of contributions and transfers in over disbursements during year @ 15.381% (1981 - 13.335%) (Sec. 5)	5,285,622	4,283,094
On unfunded liability payment for three months to end of year @ 15.381% (1981 - 13.335%) (Sec. 5)	1,462,471	1,276,785
	202,266,515	164,331,697
	2,487,311,930	2,160,956,608
DISBURSEMENTS		
Allowances to superannuates, beneficiaries and annuitants	114,901,165	101,811,225
Less:		
Augmentation of allowances and annuities - recoveries (Sec. 43)	(31,980,367)	(28,399,609)
	82,920,798	73,411,616
Refunds of contributions and interest	15,506,734	13,669,538
Transfers to other Plans:		
Teachers' Superannuation Fund	246,301	40,529
Ontario Municipal Employees Retirement System	556,802	785,910
Government of Canada Superannuation Account	429,542	239,635
Provincial Governments	302,820	247,408
Other Superannuation Funds	609,587	419,834
	100,572,584	88,814,470
Balance in Fund, on deposit with the Treasurer of Ontario, end of year	2,386,739,346	2,072,142,138

Approved on behalf of the Board:

Chairman

Secretary

Note

This is an augmented version of the Statement audited by the Provincial Auditor and published in the Public Accounts.

INTEREST EARNED BY THE P.S.S. FUND

Interest was credited to the Public Service Superannuation Fund out of the Consolidated Revenue Fund on the following basis:

(i) on the balance at the credit of the Fund on March 31, 1981 at a rate of 9.43557 per cent per annum, the effective rate of interest equivalent to the combination of rates applicable to the various portions of the balance;

(ii) on the net amount deemed to have entered the Fund each month throughout fiscal year 1981-82 at a rate of 15.381 per cent per annum and credited from the date such increases are deemed to have entered the Fund to the end of fiscal year 1981-82; and

(iii) on the unfunded liability payment of $40,164,000 for a period of three months at a rate of 15.381 per cent per annum.

For amounts, please refer to Page 20.

Interest will be credited to the Public Service Superannuation Fund out of the Consolidated Revenue Fund at a rate of 15.381 per cent per annum for twenty-five years subsequent to the fiscal year 1981-82 on the net increase in the Fund for the fiscal year 1981-82 ($314,597,208) and on the $7,500,000 which was deemed to be the portion of the fund which was reinvested at March 31, 1982.